

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Mecosta County Parks Commission	County Mecosta
Audit Date 12/31/05	Opinion Date 1/18/06	Date Accountant Report Submitted to State: 2/24/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name)

Baird, Cotter and Bishop, P.C.

Street Address 134 West Harris Street		City Cadillac	State MI	Zip 49601
Accountant Signature  CPA			Date 2.24.06	

MECOSTA COUNTY PARK COMMISSION

(A Component Unit of Mecosta County)

DECEMBER 31, 2005

MECOSTA COUNTY PARK COMMISSION

(A Component Unit of Mecosta County)

DECEMBER 31, 2005

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Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

January 18, 2006

INDEPENDENT AUDITORS' REPORT

To the Members of the Board
Mecosta County Park Commission
Mecosta County, Michigan

We have audited the accompanying financial statements of the business-type activities of the Mecosta County Park Commission, a component unit of Mecosta County, Michigan, as of and for the years ended December 31, 2005 and 2004, which comprise the Park Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Park Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Mecosta County Park Commission, Mecosta County, Michigan, as of December 31, 2005 and 2004, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 6, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that comprise the Mecosta County Park Commission basic financial statements. The other statement listed in the Table of Contents as *Supplemental Financial Data* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information relative to the year ended December 31, 2005 and 2004 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Park Commission's financial report presents management's overview and analysis of the Park Commission's financial performance for the fiscal year ended December 31, 2005. This section should be read in conjunction with the financial statements which follow this section.

Financial Highlights

- The assets of the Park Commission exceeded its liabilities at December 31, 2005, by \$1,623,597. Of this amount, \$1,188,742 represents net assets which are invested in capital assets.
- The Authority's total net assets increased by \$109,933.
- The Authority remained free of long-term debt during the period.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Park Commission's basic financial statements. The notes to the financial statements also contain more detail on some of the information presented in the financial statements. The financial statements of the Park Commission report information about the Park Commission using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Assets presents information on all of the Park Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Park Commission is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the Park Commission's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recorded in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave).

Financial Analysis

The Commission's combined net assets increased 7.26% from a year ago - increasing from \$1,513,664 to \$1,623,597. The table below shows a comparison of the net assets as of the current and prior year:

MANAGEMENT'S DISCUSSION AND ANALYSIS

	2005	2004
<u>ASSETS</u>		
Current Assets		
Petty Cash	\$ 100	\$ 100
Deposits with Financial Institutions	3,080	2,605
Investments with County of Mecosta	517,248	699,390
Accounts Receivable	3,292	2,118
Grant Receivable	25,927	0
Prepaid Expenses	4,095	12,931
	<hr/>	<hr/>
Total Current Assets	\$ 553,742	\$ 717,144
	<hr/>	<hr/>
Property, Plant and Equipment		
Land Improvements	\$ 1,107,026	\$ 1,063,600
Buildings and Improvements	939,748	602,861
Machinery and Equipment	493,965	483,957
Less: Accumulated Depreciation	(1,351,997)	(1,243,120)
	<hr/>	<hr/>
Total Property, Plant and Equipment	\$ 1,188,742	\$ 907,298
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,742,484	\$ 1,624,442
	<hr/>	<hr/>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	\$ 50,190	\$ 14,389
Due to Other Governments	0	28,000
Deferred Revenue	26,855	22,811
Accrued Payroll	7,510	7,808
Accrued Vacation and Sick Pay	17,194	18,459
	<hr/>	<hr/>
Total Current Liabilities	\$ 101,749	\$ 91,467
	<hr/>	<hr/>
Non-Current Liabilities		
Accrued Vacation and Sick Pay	17,138	19,311
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 118,887	\$ 110,778
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 1,188,742	\$ 907,298
Unrestricted	434,855	606,366
	<hr/>	<hr/>
Total Net Assets	\$ 1,623,597	\$ 1,513,664
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 1,742,484	\$ 1,624,442
	<hr/>	<hr/>

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table shows the changes in net assets as of the current and prior year:

	2005	2004
<u>OPERATING REVENUE</u>		
Charges for Services	\$ 929,556	\$ 875,903
<u>OPERATING EXPENSES</u>		
Personnel Services	\$ 584,826	\$ 547,725
Supplies	45,960	37,941
Other Services and Charges	181,523	208,094
TOTAL OPERATING EXPENSES	\$ 812,309	\$ 793,760
Operating Income Before Depreciation	\$ 117,247	\$ 82,143
Depreciation	(113,155)	(100,366)
Operating Income (Loss)	\$ 4,092	\$ (18,223)
<u>NON-OPERATING REVENUE (EXPENSE)</u>		
Interest Income	\$ 13,091	\$ 6,598
Sale of Supplies	720	2,279
Other Income	2,030	13,211
Gain (Loss) on Sale of Assets	0	252
TOTAL NON-OPERATING REVENUE	\$ 15,841	\$ 22,340
Income Before Capital Contributions	\$ 19,933	\$ 4,117
Capital Contributions	90,000	1,122
Change in Net Assets	\$ 109,933	\$ 5,239
<u>NET ASSETS - JANUARY 1</u>	1,513,664	1,508,425
<u>NET ASSETS - DECEMBER 31</u>	\$ 1,623,597	\$ 1,513,664

Capital Asset and Debt Administration

At the end of 2005, the Park Commission had \$2,540,739 invested in a broad range of capital assets, including buildings, land improvements and machinery and equipment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Future Outlook

In 2005 the Park Commission began construction on the Brower Bathhouse that was partially funded through a \$90,000 grant received through the State of Michigan. In total the Park Commission invested over \$390,000 on a wide range of capital improvements.

Request for Information

This financial report is designed to provide a general overview of the Park Commission's finances. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to the Mecosta County Park Commission, 22250 Northland Drive, Paris, Michigan 49338.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF NET ASSETS
DECEMBER 31,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Current Assets		
Petty Cash	\$ 100	\$ 100
Deposits with Financial Institutions	3,080	2,605
Investments with County of Mecosta	517,248	699,390
Accounts Receivable	3,292	2,118
Grants Receivable	25,927	0
Prepaid Expenses	4,095	12,931
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Total Current Assets	\$ 553,742	\$ 717,144
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Property, Plant and Equipment		
Land Improvements	\$ 1,107,026	\$ 1,063,600
Buildings and Improvements	939,748	602,861
Machinery and Equipment	493,965	483,957
Less: Accumulated Depreciation	(1,351,997)	(1,243,120)
	<hr/>	<hr/>
Total Property, Plant and Equipment	\$ 1,188,742	\$ 907,298
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 1,742,484</u>	<u>\$ 1,624,442</u>

The accompanying notes are an integral part of these financial statements.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF NET ASSETS
DECEMBER 31,

	<u>2005</u>	<u>2004</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	\$ 50,190	\$ 14,389
Due to Other Governments	0	28,000
Deferred Revenue	26,855	22,811
Accrued Payroll	7,510	7,808
Accrued Vacation and Sick Pay	17,194	18,459
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Total Current Liabilities	\$ 101,749	\$ 91,467
Non-Current Liabilities		
Accrued Vacation and Sick Pay	17,138	19,311
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TOTAL LIABILITIES	\$ 118,887	\$ 110,778
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<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 1,188,742	\$ 907,298
Unrestricted	434,855	606,366
	<hr/>	<hr/>
Total Net Assets	\$ 1,623,597	\$ 1,513,664
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 1,742,484	\$ 1,624,442
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31,

	<u>2005</u>	<u>2004</u>
<u>OPERATING REVENUE</u>		
Charges for Services	\$ 929,556	\$ 875,903
<u>OPERATING EXPENSES</u>		
Personnel Services	\$ 584,826	\$ 547,725
Supplies	45,960	37,941
Other Services and Charges	181,523	208,094
TOTAL OPERATING EXPENSES	\$ 812,309	\$ 793,760
Operating Income Before Depreciation	\$ 117,247	\$ 82,143
Depreciation	(113,155)	(100,366)
Operating Income (Loss)	\$ 4,092	\$ (18,223)
<u>NON-OPERATING REVENUE (EXPENSE)</u>		
Interest Income	\$ 13,091	\$ 6,598
Sale of Supplies	720	2,279
Other Income	2,030	13,211
Gain (Loss) on Sale of Assets	0	252
TOTAL NON-OPERATING REVENUE (EXPENSE)	\$ 15,841	\$ 22,340
Income Before Capital Contributions	\$ 19,933	\$ 4,117
Capital Contributions	90,000	1,122
Change in Net Assets	\$ 109,933	\$ 5,239
<u>NET ASSETS - JANUARY 1</u>	<u>1,513,664</u>	<u>1,508,425</u>
<u>NET ASSETS - DECEMBER 31</u>	<u>\$ 1,623,597</u>	<u>\$ 1,513,664</u>

The accompanying notes are an integral part of these financial statements.

MECOSTA COUNTY PARK COMMISSION

(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31,

	<u>2005</u>	<u>2004</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 905,600	\$ 887,212
Cash Payments to Suppliers for Goods and Services	(184,020)	(263,741)
Cash Payments to Employees for Services	(588,562)	(543,734)
	<hr/>	<hr/>
Net Cash Provided (Used) for Operating Activities	\$ 133,018	\$ 79,737
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities:		
Acquisitions and Construction of Capital Assets	\$ (394,599)	\$ (96,542)
Proceeds from Sale of Capital Assets	0	1,250
Other Revenue Received	2,750	15,490
	<hr/>	<hr/>
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (391,849)	\$ (79,802)
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Interest on Investments	\$ 13,091	\$ 6,598
Proceeds from State Grants	64,073	1,122
Purchase of Investments	0	(8,119)
Sale of Investments	182,142	0
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	\$ 259,306	\$ (399)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 475	\$ (464)
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	2,705	3,169
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 3,180	\$ 2,705
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

MECOSTA COUNTY PARK COMMISSION

(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31,

	<u>2005</u>	<u>2004</u>
<u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	<u>\$ 4,092</u>	<u>\$ (18,223)</u>
Adjustments to reconcile Operating Income To Net Cash Provided by Operating Activities		
Depreciation	\$ 113,155	\$ 100,366
(Increase) Decrease in Current Assets		
Accounts Receivable	(1,174)	(984)
Prepaid Expense	8,836	(10,086)
Increase (Decrease) in Current Liabilities		
Accounts Payable	35,801	(6,636)
Due to Other Governments	(28,000)	11,369
Deferred Revenue	4,044	(60)
Accrued Payroll	(298)	1,412
Accrued Vacation and Sick Pay	(3,438)	2,579
Total Adjustments	<u>\$ 128,926</u>	<u>\$ 97,960</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 133,018</u>	<u>\$ 79,737</u>

The accompanying notes are an integral part of these financial statements.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Mecosta County Park Commission is a Component Unit of Mecosta County, Michigan, according to the criteria set forth by the Governmental Accounting Standards Board (GASB) Statement 14. The Commission is governed by a ten member board, appointed by the Mecosta County Commission.

The financial statements of Mecosta County Park Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Mecosta County Park Commission have been presented in accordance with generally accepted principles of accounting as applicable to Enterprise Funds. Enterprise Funds are a type of proprietary fund. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Park Commission applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

C. Assets, Liabilities and Equity

1. Inventory and Prepaid Items

The Park Commission does not maintain any inventory. Supply inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

2. Fixed Assets and Depreciation

Fixed assets are stated at cost. Contributed property is stated at fair market value at the date of receipt. Costs relating to maintenance and repairs are charged to expense, whereas those for renewals and betterments, when significant in amount, are capitalized.

Depreciation of all exhaustible fixed assets used by Enterprise Funds is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and Land Improvements	10-40 years
Equipment	5-10 years

3. Compensated Absences

Using the criteria established in Governmental Accounting Standards Board (GASB) Statement 16, a liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the employer and employee should be accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the employer should be accounted for in the period those services are rendered or those events take place. Criteria for recognition of these two basic types of compensated absences are as follows:

(a) Vacation and Similar Leave Absences - should be accrued as a liability as the benefits are earned by the employees if both of these conditions are met:

- (i) The employees' rights to receive compensation are attributable to services already rendered.
- (ii) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

(b) Sick and Similar Leave Absences - should be accrued using one of the following termination approaches:

- (i) Under the Termination Payment Method, a liability should be accrued as the benefits are earned by the employees if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employee's termination or retirement.
- (ii) Under the Vesting Method, a liability should be based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

payment, as well as other employees who are expected to become eligible in the future to receive such payments.

Sick pay is accrued under the Termination Payment Method. It is the Park Commission's policy to permit employees to accumulate earned but unused sick and vacation pay. Amounts estimated to be payable within one year are shown as current liabilities and remaining amounts are classified as non-current liabilities.

At December 31, 2005 and 2004, the vacation and sick benefits accrued were \$34,332 and \$37,770 respectively.

4. Deferred Revenue

Deferred Revenue is the amount of revenue received in the current year for future camping permits, picnic deposits, and family group camp. The amount is recorded as a liability on the statement of net assets. It will be recognized as revenue when it is earned.

II. DETAILED NOTES ON FUND

A. Deposits and Investments

Investment rate risk. The Park Commission will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Park Commission's cash requirement.

Foreign currency risk. The Park Commission is not authorized to invest in investments, which have this type of risk.

Credit risk. The Park Commission will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Park Commission's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Park Commission will do business in accordance with the Park Commission's investment policy.

Concentration of credit risk. The Park Commission will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Park Commission's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2005, the carrying amount of the Park Commission's deposits was \$3,180 and the bank balance of \$8,664 of which \$8,664 was covered by federal depository insurance and \$0 was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end the Park Commission held no investments.

At year-end, the Park Commission's carrying amount of cash and investments was as follows:

	<u>2005</u>	<u>2004</u>
Petty Cash	\$ 100	\$ 100
Deposits with Financial Institutions		
Payroll Checking Account	\$ 1,549	\$ 1,514
Receiving Checking Accounts	200	300
Operations and Maintenance Account	<u>1,331</u>	<u>791</u>
Subtotal - Deposits with Financial Institutions	\$ <u>3,080</u>	\$ <u>2,605</u>
Deposits with County Treasurer	<u>517,248</u>	<u>699,390</u>
Total Carrying Amount	\$ <u><u>520,428</u></u>	\$ <u><u>702,095</u></u>

The Commission has \$517,248 of deposits with Mecosta County at December 31, 2005. The funds are held at various financial institutions and are invested in certificate of deposits. Interest is earned at varying rates depending on date of purchase and length of issue. Interest earned is based on the Park Commission's proportionate share of the total invested in the program. These deposits are not covered by federal depository insurance.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

B. Property, Plant, and Equipment

A summary of the Property, Plant, and Equipment at December 31, 2005 follows. Depreciation has been provided over the estimated useful lives using the straight line method.

	December 31, 2005	Additions	Deletions	December 31, 2005
Land Improvements	\$ 1,063,600	\$ 43,571	\$ 145	\$ 1,107,026
Buildings and Improvements	602,861	337,942	1,055	939,748
Machinery and Equipment	483,957	13,086	3,078	493,965
	<u>\$ 2,150,418</u>	<u>\$ 394,599</u>	<u>\$ 4,278</u>	<u>\$ 2,540,739</u>
Less Accumulated Depreciation for:				
Improvements	\$ 686,251	\$ 30,208	\$ 145	\$ 716,314
Buildings and Improvements	267,765	36,041	1,055	302,751
Machinery and Equipment	289,104	46,906	3,078	332,932
	<u>\$ 1,243,120</u>	<u>\$ 113,155</u>	<u>\$ 4,278</u>	<u>\$ 1,351,997</u>
Net Property, Plant and Equipment	<u>\$ 907,298</u>	<u>\$ 281,444</u>	<u>\$ 0</u>	<u>\$ 1,188,742</u>

	PURCHASED WITH COMMISSION FUNDS	ACQUIRED WITH GRANT FUNDS	TOTAL
Land Improvements	\$ 896,253	\$ 210,773	\$ 1,107,026
Building and Improvements	849,748	90,000	939,748
Machinery and Equipment	493,965	0	493,965
	<u>\$ 2,239,966</u>	<u>\$ 300,773</u>	<u>\$ 2,540,739</u>
Less			
Accumulated Depreciation	(1,202,791)	(149,206)	(1,351,997)
Net Property, Plant and Equipment	<u>\$ 1,037,175</u>	<u>\$ 151,567</u>	<u>\$ 1,188,742</u>

Depreciation expense recognized by the Commission totaled \$113,155 and \$100,366 for the years ended December 31, 2005 and 2004, respectively.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

C. Commitments

1. Operating Leases

Mecosta County Park Commission leases the land for Brower Park. The Park Commission entered into a lease with Consumers Energy Company dated October 16, 1999 that extends from May 1, 1999 until May 1, 2024. Rent is paid annually and is to be based on an allocation of the annual expenses the Lessor expects to incur in administering the various leases, licenses, and license agreements that Lessor expects to have in place for its FERC - regulated hydro project lands. The rental amount currently is set at \$2,400 per year and shall be revised every fifth year during the term of the lease, based on projected data for the year of the revision.

The following is a schedule of the future minimum lease payments required under the operating lease which has initial or remaining noncancelable lease terms in excess of one year as of December 31, 2005. The amount for the year ended December 31, 2008 and after is subject to changes based on the agreement discussed above.

<u>YEAR ENDED DECEMBER 31,</u>	<u>AMOUNT</u>
2006	\$ 2,400
2007	2,400
2008	2,400
2009	2,400
2010	2,400
2011-2015	12,000
2016-2020	12,000
2021-2024	9,600
	<u>\$ 45,600</u>

2. Capital Improvement - Brower Park

According to the lease agreement with Consumers Energy Company for the land used for Brower Park, the Park Commission is required to contribute \$20,000 each year into a capital account. The cap on the amount contributed to the capital account is \$100,000. On each 5-year anniversary date of the lease, the annual capital account contribution shall be adjusted to reflect the change in the consumer price index.

Capital improvement expenditures at Brower Park reduce the balance in the capital account. As of December 31, 2005, the capital improvement expenditures have exceeded the required annual contributions to the capital account. Therefore, the balance in the capital account is negative so there is no bank account holding the balance. The following is a schedule of the activity in the capital account.

MECOSTA COUNTY PARK COMMISSION
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

<u>YEAR ENDED DECEMBER 31,</u>	<u>ANNUAL</u> <u>CONTRIBUTION</u>	<u>BROWER</u> <u>PARK</u> <u>CAPITAL</u> <u>IMPROVEMENTS</u>	<u>CAPITAL</u> <u>ACCOUNT</u> <u>BALANCE</u>
1997	\$ 20,000	\$ (25,718)	\$ (5,718)
1998	20,000	(190,419)	(176,137)
1999	20,000	(11,311)	(167,448)
2000	20,000	(129,654)	(277,102)
2001	20,000	(90,300)	(347,402)
2002	20,000	(29,368)	(356,770)
2003	20,000	(19,397)	(356,167)
2004	20,000	(31,050)	(367,217)
2005	20,000	(267,173)	(614,390)
	<u>\$ 180,000</u>	<u>\$ (794,390)</u>	

3. Retirement Commitments

Some of the Commission's employees are participants in the Michigan Municipal Employees Retirement System (MERS) through Mecosta County. This is an agent multiple-employer defined benefit pension plan administered by the State of Michigan. Separate information on funding status and progress for the Commission's employees is not available. Complete pension disclosures for the entire plan can be found in the comprehensive annual financial report of Mecosta County. Copies of the report are available at the County Offices. Pension expense was \$11,426 and \$10,853 for the years ended December 31, 2005 and 2004 respectively. For the years ended December 31, 2005 and 2004, the Park Commission contributed 15.07% and 14.61% of covered payroll.

Beginning in 2004 most employees are no longer participants in the MERS program. They are now participants in a 401(a) defined contribution pension plan through ICMA Retirement Corporation. For the year ending December 31, 2005 and 2004, the Park Commission has contributed 9% of covered payroll which amounted to \$10,697 and \$14,449, respectively.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MECOSTA COUNTY PARK COMMISSION
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

E. Risk Management

The Commission is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The Commission is covered under Mecosta County's insurance policy to cover these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission.

MECOSTA COUNTY PARK COMMISSION

(A Component Unit of Mecosta County)

SUPPLEMENTAL FINANCIAL DATA

COMBINING SCHEDULE OF REVENUE AND EXPENSES

YEAR ENDED DECEMBER 31, 2005

WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2004

	BROWER PARK	SCHOOL SECTION PARK	MERRILL PARK	PARIS PARK	TUBBS PARK	HAYMARSH CAMPGROUND	ADMINISTRATION	TOTALS (MEMORANDUM ONLY)	
								2005	2004
<u>OPERATING REVENUE</u>									
Charges for Services									
Camping	\$ 336,362	\$ 167,114	81,101	\$ 47,077	\$ 20,122	\$ 5,994	\$ 0	\$ 657,770	\$ 622,493
Boat Ramp Permits									
Daily Permits	7,700	0	0	739	0	0	0	8,439	8,832
Seasonal Permits	13,620	0	0	0	0	0	0	13,620	13,520
Admissions									
Daily Permits	25,295	24,330	2,795	1,880	0	0	0	54,300	54,102
3-Day Permits	7,770	5,838	3,206	2,254	0	0	0	19,068	21,828
Seasonal Permits	60,780	36,080	9,980	5,380	0	0	0	112,220	102,060
Youth Camp	0	16,662	0	0	0	0	0	16,662	18,706
Cash Over (Short)	(53)	(18)	14	39	0	0	0	(18)	49
Concession Revenue	21,362	9,479	4,187	3,078	0	0	0	38,106	23,966
Hatchery Lease	0	0	0	500	0	0	0	500	500
Paris Ponds	0	0	0	2,677	0	0	0	2,677	3,872
Picnic Reservations	0	3,375	300	1,025	0	0	0	4,700	4,600
Rental Income	12	0	0	0	0	0	1,500	1,512	1,375
TOTAL OPERATING REVENUE	\$ 472,848	\$ 262,860	\$ 101,583	\$ 64,649	\$ 20,122	\$ 5,994	\$ 1,500	\$ 929,556	\$ 875,903
<u>OPERATING EXPENSES</u>									
Personnel Services									
Salaries and Wages	\$ 108,578	\$ 81,905	\$ 51,158	\$ 31,481	\$ 1,564	\$ 599	\$ 163,665	\$ 438,950	\$ 415,369
Fringe Benefits and Payroll Tax	33,919	21,001	18,016	7,632	191	74	58,898	139,731	126,409
Employee Education and									
Other Employee Expenses	3,023	1,265	727	308	0	0	822	6,145	5,947
Supplies									
Office Supplies	6,287	866	388	224	73	73	2,506	10,417	6,905
Supplies	14,943	2,522	2,658	1,738	35	35	5,740	27,671	22,884
Concession Purchases	3,170	1,336	466	2,321	0	0	0	7,293	7,333
Small Tools	21	25	33	0	0	0	367	446	814
Radio Equipment	15	47	47	24	0	0	0	133	5
Other Services and Charges									
Freight and Postage	638	121	39	10	0	0	143	951	1,564
Licenses	655	759	569	494	408	254	25	3,164	1,197
Maintenance and Repairs	12,740	9,482	5,503	3,501	515	74	5,900	37,715	45,073
Waste Disposal	2,923	3,068	924	437	284	149	591	8,376	16,550
Outside Services	4,776	686	705	203	14	14	428	6,826	10,717

MECOSTA COUNTY PARK COMMISSION

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SUPPLEMENTAL FINANCIAL DATA

COMBINING SCHEDULE OF REVENUE AND EXPENSES

YEAR ENDED DECEMBER 31, 2005

WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2004

	BROWER PARK	SCHOOL SECTION PARK	MERRILL PARK	PARIS PARK	TUBBS PARK	HAYMARSH CAMPGROUND	ADMINISTRATION	TOTALS (MEMORANDUM ONLY)	
								2005	2004
Telephone	989	1,173	513	685	28	45	3,422	6,855	5,619
Mileage	577	33	0	0	0	156	2,790	3,556	3,098
Travel and Conferences	522	59	24	6	0	0	539	1,150	406
Advertising	3,993	412	165	41	0	0	2,074	6,685	6,096
Programs and Events	133	202	0	0	0	0	155	490	779
Insurance	14,387	1,692	677	169	0	0	0	16,925	33,704
Utilities	24,647	18,076	13,909	7,467	0	0	5,422	69,521	65,188
Contracted Maintenance	1,031	912	533	603	540	180	7,528	11,327	9,991
Equipment Rental	202	334	10	2	150	150	102	950	154
Miscellaneous	235	1,038	0	0	0	0	(1,112)	161	2,492
Refunds	516	3,290	414	251	0	0	0	4,471	3,066
Permits and Easements	2,400	0	0	0	0	0	0	2,400	2,400
TOTAL OPERATING EXPENSES	\$ 241,320	\$ 150,304	\$ 97,478	\$ 57,597	\$ 3,802	\$ 1,803	\$ 260,005	\$ 812,309	\$ 793,760
Operating Income (Loss)									
Before Depreciation	\$ 231,528	\$ 112,556	\$ 4,105	\$ 7,052	\$ 16,320	\$ 4,191	\$ (258,505)	\$ 117,247	\$ 82,143
Depreciation	(47,418)	(18,393)	(12,447)	(8,924)	(424)	(228)	(25,321)	(113,155)	(100,366)
Operating Income (Loss)	\$ 184,110	\$ 94,163	\$ (8,342)	\$ (1,872)	\$ 15,896	\$ 3,963	\$ (283,826)	\$ 4,092	\$ (18,223)
NON-OPERATING REVENUE (EXPENSE)									
Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,091	\$ 13,091	\$ 6,598
Sale of Supplies	0	0	0	0	0	0	720	720	2,279
Other Income (Expense)	500	370	330	420	0	0	410	2,030	13,211
Gain (Loss) on Sale of Asset	0	0	0	0	0	0	0	0	252
Total Non-Operating Revenue (Expense)	\$ 500	\$ 370	\$ 330	\$ 420	\$ 0	\$ 0	\$ 14,221	\$ 15,841	\$ 22,340
Net Income (Loss) Before Administration/ Overhead Allocations	\$ 184,610	\$ 94,533	\$ (8,012)	\$ (1,452)	\$ 15,896	\$ 3,963	\$ (269,605)	\$ 19,933	\$ 4,117
Allocated Revenue (Expense)									
Administration Revenue Allocation	\$ 13,363	\$ 1,572	\$ 629	\$ 157	\$ 0	\$ 0	\$ (15,721)	\$ 0	\$ 0
Overhead Expense Allocation	(242,527)	(28,533)	(11,413)	(2,853)	0	0	285,326	0	0
Total Allocated Revenue (Expense)	\$ (229,164)	\$ (26,961)	\$ (10,784)	\$ (2,696)	\$ 0	\$ 0	\$ 269,605	\$ 0	\$ 0
Income (Loss) Before Capital Contributions	\$ (44,554)	\$ 67,572	\$ (18,796)	\$ (4,148)	\$ 15,896	\$ 3,963	\$ 0	\$ 19,933	\$ 4,117